GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:496
ANSWERED ON:20.02.2009
SUPPLY OF GAS TO NTPC POWER PLANTS
Badiga Shri Ramakrishna

Will the Minister of POWER be pleased to state:

(a) whether there is an agreement between Reliance Industries Limited (RIL) and the National Thermal Power Corporation (NTPC) for supply of natural gas to NTPC power plants;

(b) if so, the details thereof;

(c) whether the RIL has violated the norms of the agreement; and

(d) if so, the action taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE & INDUSTRY AND MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI JAIRAM RAMESH)

(a) to (d) : NTPC invited bids under International Competitive Bidding for procurement of natural gas @ 132 Trillion British Thermal Units (TBtu) per annum for Kawas-II and Gandhar-II power projects for a period of 17 years. Reliance Industries Limited (RIL) was evaluated as the lowest techno- commercially acceptable bidder and NTPC accepted its offer. Accordingly, a Letter Of Intent (LOI) was issued to RIL on 16.06.2004 which was duly acknowledged and confirmed by RIL.

After the issuance of LOI, RIL did not come forward to sign the Gas Sale and Purchase Agreement (GSPA) and sought major changes in the agreed draft of GSPA. NTPC pursued with RIL at various levels and at various meetings to sign the GSPA, as per the draft accepted by RIL during the bidding process. However, in spite of all the efforts, RIL did not sign the GSPA agreed during the bidding process.

Aggrieved by the above, NTPC filed a suit in the High Court of Bombay against Reliance Industries Limited (RIL) on 20.12.2005 for specific performance of the contract. The case is presently subjudice.

The Empowered Group of Ministers (EGoM) while approving natural gas price basis/formula in its meeting on 12.09.2007, have indicated that decisions taken therein will be without prejudice to the NTPC Vs. RIL and RNRL Vs. RIL cases, which are separately subjudice.